TREVIGroup

Interim Report

Half year results as at 30 June, 1999

Financial Results

I am very pleased to be able to present the Consolidated Financial Statements for the first half of 1999, which once more show a strong performance for the Trevi Group. All divisions improved their results during this period compared with the first six months of 1998.
The consolidated total revenues have reached 240 billion Italian liras (+ 26%) and the profit before tax and minority interest has increased to 16,084 million Italian liras (+90%). According to the budget's guidelines Trevi Group's Companies have operated with regularity, achieving a notable increase in production; the value added shows an increase of about 24%, from 71 to 88 billion Italian liras in the first half of 1999.
The gross operating margin is approximately 29 billion Italian liras, with an increase close to 34% in comparison with the first half of the previous financial year. The operating income has increased from 14 to 20 billion Italian liras (+39%).
The net financial charges, which in the first six months of the year 1998 were equal to 5,570 million Italian liras, have decreased to 4,413 million Italian liras.
The improvement of the pre-tax profit is the outcome of the consolidation of the market position achieved by the two Group Divisions Trevi and Soilmec in their own core business. Although, this increase is above all due to the improved profitability of the investments made over the last years in developing innovative technologies. The gross investment in new equipment in the first six months amounts to 33.5 billion Italian liras and the net investment has reached 23.44 billion Italian liras.

Continuing to Build Market Leadership
Regarding the management operating aspects, it should be pointed out that, once more, the foreign markets are the most rapidly expanding for the Companies of the Group. The share of the Italian market in the total revenues of the Group has decreased to less than 20% from 22%, that of the American area has increased to 41% from approximately 38%; the share of the income in the Far East has decreased from 9% to 8%; while the presence in Africa, Middle East and rest of Europe continues to grow even if at a slow pace.
As at 30 June 1999, the Group has an overall works' portfolio of 346 billion Italian liras, of which 218 billion will be undertaken in the second half of the present financial year.

Trevi Division

In the first six months of 1999, the turnover achieved by the foreign department has considerably increased. Our American operations performed particularly well: in addition to the activities in Massachusetts and the State of New York, in 1999 some new projects have been undertaken in Virginia, Florida and Ohio (the USA turnover, valued 54 billion Italian liras, represents 22% of the consolidated production); in Argentina, the second six months of the year look even better, since works worth 42 billion Italian liras have already been acquired, of which 24 to be completed within the end of the year. Thanks to the growing trend in Italian public projects, the national sector of Trevi Division is also experiencing a positive turnover's course. In Italy Trevi S.p.A., has recorded in the first half of the present financial year a total production value of 69 billion Italian liras, that is a 42% increase compared with the first six months of 1998. Moreover, projects worth 132 billion Italian liras are in hand, of which 65 are to be completed within the present financial year.
Regarding the car park sector, the works started in the last six months for the execution of five automated, underground parking garages in Cesena, Rome and Turin should be completed by the end of this year. The works for the construction of car parks in Padua, Ravenna and Rome are scheduled to begin in the second half of 1999; another contract has been signed for the supply of two Trevipark in Prague; orders from London and Copenhagen are also expected, some of them as turn key projects.
The Group also operates in the sector of soil resources applying an innovative drilling technology for oil search. In joint venture with Saipem S.p.A. (ENI Group), Trevi S.p.A. operates through the SAI-TRE Consortium, running equipment designed and produced by Soilmec S.p.A..
During the first six months of the present financial year, Petreven C.A., a Venezuelan subsidiary, has started oil-drilling activities.

Soilmec Division

Soilmec, the Group Division producing and trading plant and equipment for ground engineering and soil drilling, has recorded in the first six months of 1999 a consolidated income for sales and services equal to 86 billion Italian liras (+14%). This increase is mainly due to significant sales achieved in Middle East by the commercial Department dealing with oil and water well

equipment. The foundation equipment Department, which suffered a pause in its growth in 1998, is showing a good performance in North America and signs of improvement are coming from Southeast Asia.
In May, the american subsidiary Soilmec Branham Inc. started its activity in Houston (Texas). This development will boost the Group's production of oil & gas well drilling machinery in the USA and Canada.
In the area of new products, a new rig named CM-120 has been introduced. This is the most powerful machine for drilling foundations by means of continuous auger / secant piles technique. This new equipment drills deeper and larger piles even faster than other equipment of our competitors may do, granting a higher performance and consequent economic advantages.

Acquisitions

The acquisition from Stirling Group of the Swiss company "Swissboring Overseas Piling Corporation Ltd", based in Zurich and with branches in the United Arab Emirates, Oman and Qatar, was finalised on 4th August 1999. This company has recorded a US$ 7.73 million income in the first six months of 1999, and will probably reach US$ 16 million income for the whole financial year with a satisfactory profitability.

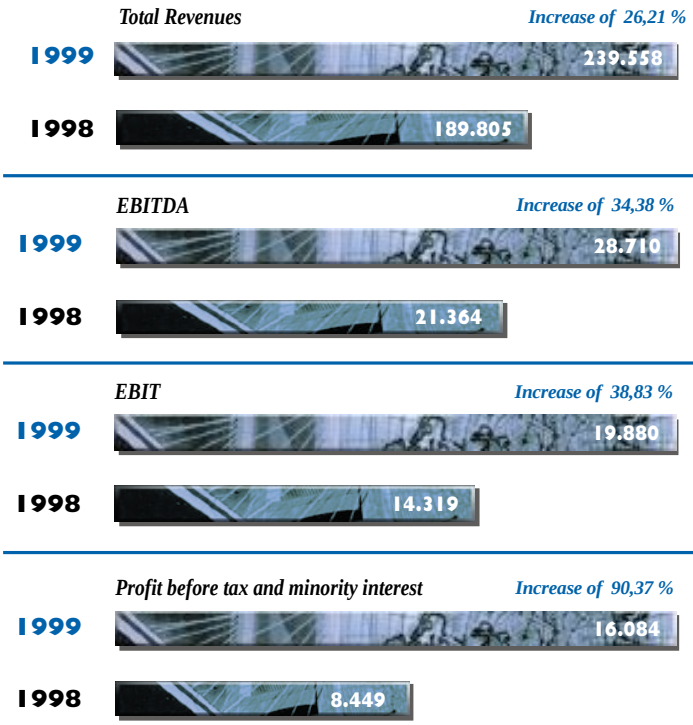
Prospects

The sustained rate of orders' acquisition and the amount of outstanding orders, together with the on-going negotiations with clients, enlighten the prospects to reach a consolidated sales and services income volume of 500 billion Italian liras in 1999, with an increasing profit.
The listing in Milan Stock Exchange of Trevi-Finanziaria Industriale S.p.A., which has raised funds for approximately 112 billion Italian liras from the market, has brought new prospects for development and profitability. The expansion policy, eventually including further acquisitions, will continue aiming at gaining market shares in the most profitable sectors and areas and at obtaining possible economies of scale.

Cesena, 27th September 1999

The Chairman
Davide Trevisani

Interim Results at a glance



Consolidated Balance Sheet *as of June 30, 1999*

(in millions of Lire)

12/31/1998	ASSETS	06/30/1999	06/30/1998	(in thousands of euro) 06/30/1999
	Amounts due from stockholders		267	
	Fixed assets			
6.805	I - Intangible fixed assets	6.543	8.902	3.379
125.651	II -Tangible fixed assets	149.095	100.840	77.001
13.154	III Financial fixed assets	15.387	10.918	7.947
145.610	**Total fixed assets**	171.025	120.660	88.327
	Current assets			
100.471	I - Inventories	121.656	104.227	62.830
135.837	II -Accounts receivable	131.604	170.518	67.968
29.671	IV -Liquid funds	56.105	21.825	28.976
265.979	**Total current assets**	309.365	296.570	159.774
2.542	Accrued income and prepaid expenses	2.373	3.137	1.226
414.131	**TOTAL ASSETS**	**482.763**	**420.634**	**249.326**

12/31/1998	LIABILITIES AND STOCKHOLDERS' EQUITY	06/30/1999	06/30/1998	(in thousands of euro) 06/30/1999
	Stockholders' equity			
12.000	I Capital stock	22.000	12.000	11.362
1.021	IV Legal reserve	1.037	1.021	536
	VII Other reserves:			
14.441	-extraordinary reserve	4.766	14.441	2.461
(3.701)	-cumulative translation adjust	2.553	25	1.319
28.227	-consolidation reserve	36.803	28.076	19.007
38.967	Total other reserves	44.122	42.542	22.787
7.782	IX Net income (loss) for the year	14.605 *(1)*	6.787 *(1)*	7.541 *(1)*
59.770	**Group interest in stockholders' equity**	**81.764**	**62.350**	**42.227**
9.780	Minority interests in capital and reserves	12.364	11.810	6.385
69.550	**Total stockholders' equity**	**94.128**	**74.160**	**48.612**
9.018	**Reserves for risks and charges**	**10.018**	**3.060**	**5.174**
15.526	**Reserve for employee termination indemnities**	**16.149**	**15.393**	**8.340**
316.181	**Payables**	**359.128**	**325.007**	**185.475**
3.856	**Accrued expenses and deferred incom**	**3.340**	**3.014**	**1.725**
414.131	**TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY**	**482.763**	**420.634**	**249.326**

(1) The result refers to net income before taxation

Consolidated *Statement of Income*

Year ended 31 Dec. 1998	(in millions of Lire)	Six months ended *30 June 1999*	Six months ended *30 June 1998*	(in thousands of euro) Six months ended *30 June 1999*
385.441	Net sales	230.288	182.832	118.934
21.891	Other income and revenues	9.270	6.973	4.788
407.332	**Total revenues**	**239.558**	**189.805**	**123.722**
379.470	Production costs	219.678	175.486	113.455
27.862	**Operating Income**	**19.880**	**14.319**	**10.267**
(9.520)	Financial income (expense)	(4.412)	(5.570)	(2.280)
(515)	Extraordinary income and (expense)	616	(300)	318
17.827	**Results before taxation**	**16.084**	**8.449**	**8.305**
8.476	Income taxes			
9.351	**Net income/(loss) for the year** *(*)*	**16.084**	**8.449**	**8.305**
1.569	Minority interests	1.479	1.662	764
7.782	**Group net income for the year** *(*)*	**14.605**	**6.787**	**7.541**

(*) The result refers to net income before taxation

12.31.1998	MEMORANDUM ACCOUNTS	06/30/1999	06/30/1998	06/30/1999
	UNSECURED GUARANTEES GIVEN			
202.968	Sureties	144.083	205.970	74.413
202.968	TOTAL	144.083	205.970	74.413
202.968	**Total unsecured guarantees given**	**144.083**	**205.970**	**74.413**
	COMMITMENTS, RISKS AND OTHER MEMORANDUM ACCOUNTS			
15.054	Recourse risks	14.110	11.188	7.287
4.263	End-of-lease purchase agreement	3.849	5.645	1.988
19.317	**TOTAL**	**17.959**	**16.833**	**9.275**
222.285	**TOTAL MEMORANDUM ACCOUNTS**	**162.042**	**222.803**	**83.688**

Statement of *Consolidated Cash Flows*

		06/30/1999	1998
	Net income before taxation	14.605	7.782 *(1)*
	Depreciation and amortization	8.180	14.304
	Provision for employee termination indemnities	1.360	2.320
	Change in minority interests in capital and reserves	2.584	2.142
A	**Cash generated from operations before changes in working capital**	**26.729**	**26.548**
B	**Changes in working capital:**		
	amount due from stockholders		
	inventories	(21.185)	(4.606)
	receivables	(1.800)	22.791
	accrued income and prepaid expenses	(359)	(319)
	other assets	0	0
	payables	44.740	29.872
	accrued expenses and deferred income	440	1.289
	reserves for risks and charges	1.000	5.884
		22.836	**54.911**
C	**Net cash flows for operating activities:**		
	intangible fixed assets	(918)	299
	tangible fixed assets	(30.444)	(45.146)
	financial fixed assets	(2.241)	2.350
		(33.603)	**(42.497)**
D	**Cash flows from (used in) financing activities:**		
	long-term payables	(4.285)	(279)
	long-term receivables	6.040	(9.162)
	long-term accrued income and prepaid expenses	528	137
	long-term accrued expenses and deferred income	(956)	(363)
	securities		87
	change in the scope of consolidation	1.136	(569)
	translation differences	6.254	(3.235)
	payment of employee termination indemnities and other changes	(1.983)	(1.782)
		6.734	**(15.166)**
	NET SHORT-TERM INDEBTEDNESS, BEGINNING OF YEAR	**(42.231)**	**(66.027)**
	Cash flow for the year (A + B + C + D)	**22.696**	**23.796**
	NET SHORT-TERM INDEBTEDNESS, END OF YEAR	**(19.535)**	**(42.231)**

(1) The net income as at December 31, 1998 refers to net income of the Group.

Group Profile and Activities

TREVI- Finanziaria Industriale S.p.A. (formerly Trevifin S.p.A.) and its subsidiaries (hereafter called "TREVI Group or "the Group") carry out their activities in two principal sectors: supply contracts and design and engineering services for civil and infrastructural foundation works, the construction of plant and equipment for special foundation works, tunnel boring and well-drilling for oil and water exploration. These two business sectors are co-ordinated by the Group's two major companies, Trevi S.p.A, which heads the division involved in construction at depth ("Trevi Division") and Soilmec S.p.A which oversees the division responsible for manufacturing and marketing plant and equipment for construction at depth and well drilling for oil and water exploration ("Soilmec Division").

Accounting methods and principles

The "Group" Consolidated Financial Statement for the first six months of 1999 has been prepared according to the same accounting principles, consolidation methods and conversion criteria of the foreign currency items which were applied for the preparation of the Financial Statement as at 31st December 1998, with the necessary amendments, due to a very particular midyear situation, that is referred to a limited six month period. In particular, we point out that:

- the six month economical result is shown before income tax;
- the consolidation area has changed with respect to 31st December 1998, due to the introduction of the company Petreven C.A. (Venezuela), since it has stated its operations during the first six months of 1999;
- on 23/4/1999 the subsidiary Soilmec S.p.A. has assigned to Soilmec Branham Inc. the line of business which was taken over at the same time from Branham Industries Products. By this taking over, with retroactive accounting and fiscal effect as at 1st January 1999, the American subsidiary of Soilmec Division has started its activities. After the assignment operation and after the non-complete subscription of the capital increasing decided by Soilmec Branham Inc. the holding percentage of Soilmec S.p.A. in the American subsidiary has fallen from 100% to 72%.

Investments

The traditional investment policy has continued in the first six months of 1999, aiming at increasing the production capacity and updating the technology of plants and equipment. The amount of gross investment in technical tangible fixed assets is 33,5 billions in six months. The net investment was 23,44 billion Liras. The movements of "Tangible Fixed Assets" can be summarised as follows:

	Historical Cost	Revaluation	Depreciation Founds	Net Value
Tangible Fixed Assets				
Values as at 31.12.1998	203.259	5.087	(82.695)	125.651
Variations in 1999				
. increase	33.581	-	-	33.581
. decrease (-)	(9.822)	-	1.122	(8.700)
. depreciation	-	-	(7.000)	(7.000)
. other variation	1.265	-	-	1.265
. conversion difference	4.298	-	-	4.298
Total Values as at 30.06.1999	**232.581**	**5.087**	**(88.573)**	**149.095**

TREVI-Finanziaria Industriale S.p.A. **Cesena** (Italy)

TREVI S.p.A.
Cesena (Italy)

TREVI CONSTRUCTION Co. Ltd
Hong Kong

TREVI FUNDACOES Lda
Lisbon (Portugal)

TREVI INSAAT ve MUHENDIJSLIK A.S.
Istanbul (Turkey)

TREVI FOUNDATIONS NIGERIA Ltd
Lagos (Nigeria)

PILOTES TREVI
Buenos Aires (Argentina)

TREVI CIMENTATIONES
Caracas (Venezuela)

TREVI ICOS CORPORATION
Boston (U.S.A.)

TREVI FOUNDATIONS PHILIPPINES Inc.
Philippines

TREVI CONTRACTORS B.V.
Amsterdam (The Netherlands)

PROFURO Lda
Mozambique

PETREVEN C.A.
Venezuela

CIFUVEN C.A.
Venezuela

SOILMEC S.p.A.
Cesena (Italy)

SOILMEC S.p.A. Drilling Equipment Division
Piacenza (Italy)

SOILMEC S.p.A. Representative Office
Beijing (China R.P.)

LIANYUNGANG SOILMEC MACHINERY
Lianyungang (China R.P.)

SOILMEC JAPAN Co. Ltd
Tokyo (Japan)

SOILMEC Ltd
Peterborough (UK)

SOILMEC MISR
Cairo (Egypt)

SMFE Sdn. Bhd
Malaysia

SOILMEC FAR EAST Pte. Ltd
Singapore

SOILMEC BRANHAM Inc.
Conroe - Texas (U.S.A.)

SOILMEC INTERNATIONAL B.V.
Amsterdam (The Netherlands)

TREVI - Finanziaria Industriale S.p.A.

Headquarters in Cesena (FC) Via Larga n. 201
Share Capital L. 32,000,000,000 fully paid in.
Entered into Register of Company C.C.I.A.A. Forlì - Cesena no. 11.251
R.E.A. n. 201,271 C.C.I.A.A. Forlì - Cesena
Fiscal and VAT Code: 01547370401